

FIRST REGULAR SESSION

# SENATE BILL NO. 565

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WRIGHT-JONES.

Read 1st time February 26, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

2259S.011

## AN ACT

To repeal sections 86.200 and 86.207, RSMo, and to enact in lieu thereof two new sections relating to police retirement systems.

*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 86.200 and 86.207, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 86.200 and 86.207, to read as follows:

86.200. The following words and phrases as used in sections 86.200 to 86.366, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions", the sum of all mandatory contributions deducted from the compensation of a member and credited to the member's individual account, together with members' interest thereon;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of mortality tables and interest assumptions adopted by the board of trustees;

(3) "Average final compensation":

(a) With respect to a member who earns no creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last three years of creditable service as a police officer, or if the member has had less than three years of creditable service, the average earnable compensation of the member's entire period of creditable service;

(b) With respect to a member who is not participating in the DROP pursuant to section 86.251 on October 1, 2001, who did not participate in the DROP at any time before such date, and who earns any creditable service on or

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 after October 1, 2001, the average earnable compensation of the member during  
20 the member's last two years of creditable service as a policeman, or if the member  
21 has had less than two years of creditable service, then the average earnable  
22 compensation of the member's entire period of creditable service;

23 (c) With respect to a member who is participating in the DROP pursuant  
24 to section 86.251 on October 1, 2001, or whose participation in DROP ended  
25 before such date, who returns to active participation in the system pursuant to  
26 section 86.251, and who terminates employment as a police officer for reasons  
27 other than death or disability before earning at least two years of creditable  
28 service after such return, the portion of the member's benefit attributable to  
29 creditable service earned before DROP entry shall be determined using average  
30 final compensation as defined in paragraph (a) of this subdivision; and the  
31 portion of the member's benefit attributable to creditable service earned after  
32 return to active participation in the system shall be determined using average  
33 final compensation as defined in paragraph (b) of this subdivision;

34 (d) With respect to a member who is participating in the DROP pursuant  
35 to section 86.251 on October 1, 2001, or whose participation in the DROP ended  
36 before such date, who returns to active participation in the system pursuant to  
37 section 86.251, and who terminates employment as a police officer after earning  
38 at least two years of creditable service after such return, the member's benefit  
39 attributable to all of such member's creditable service shall be determined using  
40 the member's average final compensation as defined in paragraph (b) of this  
41 subdivision;

42 (e) With respect to a member who is participating in the DROP pursuant  
43 to section 86.251 on October 1, 2001, or whose participation in DROP ended  
44 before such date, who returns to active participation in the system pursuant to  
45 section 86.251, and whose employment as a police officer terminates due to death  
46 or disability after such return, the member's benefit attributable to all of such  
47 member's creditable service shall be determined using the member's average final  
48 compensation as defined in paragraph (b) of this subdivision; and

49 (f) With respect to the surviving spouse or surviving dependent child of  
50 a member who earns any creditable service on or after October 1, 2001, the  
51 average earnable compensation of the member during the member's last two years  
52 of creditable service as a police officer or, if the member has had less than two  
53 years of creditable service, the average earnable compensation of the member's  
54 entire period of creditable service;

55 (4) "Beneficiary", any person in receipt of a retirement allowance or other  
56 benefit;

57 (5) "Board of police commissioners", any board of police commissioners,  
58 police commissioners and any other officials or boards now or hereafter  
59 authorized by law to employ and manage a permanent police force in such cities;

60 (6) "Board of trustees", the board provided in sections 86.200 to 86.366 to  
61 administer the retirement system;

62 (7) "Creditable service", prior service plus membership service as provided  
63 in sections 86.200 to 86.366;

64 (8) "DROP", the deferred retirement option plan provided for in section  
65 86.251;

66 (9) "Earnable compensation", the annual salary which a member would  
67 earn during one year on the basis of the member's rank or position as specified  
68 in the applicable salary matrix in section 84.160, RSMo, plus additional  
69 compensation for academic work as provided in subsection 8 of section 84.160,  
70 RSMo, plus shift differential as provided in subdivision (4) of subsection 9 of  
71 section 84.160, RSMo. Such amount shall include the member's deferrals to a  
72 deferred compensation plan pursuant to Section 457 of the Internal Revenue Code  
73 or to a cafeteria plan pursuant to Section 125 of the Internal Revenue Code or,  
74 effective October 1, 2001, to a transportation fringe benefit program pursuant to  
75 Section 132(f)(4) of the Internal Revenue Code. Earnable compensation shall not  
76 include a member's additional compensation for overtime, standby time, court  
77 time, nonuniform time or unused vacation time. Notwithstanding the foregoing,  
78 the earnable compensation taken into account under the plan established  
79 pursuant to sections 86.200 to 86.366 with respect to a member who is a  
80 noneligible participant, as defined in this subdivision, for any plan year beginning  
81 on or after October 1, 1996, shall not exceed the amount of compensation that  
82 may be taken into account under Section 401(a)(17) of the Internal Revenue Code,  
83 as adjusted for increases in the cost of living, for such plan year. For purposes  
84 of this subdivision, a "noneligible participant" is an individual who first becomes  
85 a member on or after the first day of the first plan year beginning after the  
86 earlier of:

87 (a) The last day of the plan year that includes August 28, 1995; or

88 (b) December 31, 1995;

89 (10) "Internal Revenue Code", the federal Internal Revenue Code of 1986,  
90 as amended;

91 (11) "Mandatory contributions", the contributions required to be deducted  
92 from the salary of each member who is not participating in DROP in accordance  
93 with section 86.320;

94 (12) "Medical board", the board of physicians provided for in section  
95 86.237;

96 (13) "Member", a member of the retirement system as defined by sections  
97 86.200 to 86.366;

98 (14) "Members' interest", interest on accumulated contributions at such  
99 rate as may be set from time to time by the board of trustees;

100 (15) "Membership service", service as a policeman rendered since last  
101 becoming a member, except in the case of a member who has served in the armed  
102 forces of the United States and has subsequently been reinstated as a policeman,  
103 in which case "membership service" means service as a policeman rendered since  
104 last becoming a member prior to entering such armed service;

105 (16) "Plan year" or "limitation year", the twelve consecutive-month period  
106 beginning each October first and ending each September thirtieth;

107 (17) "Policeman" or "police officer", any member of the police force of such  
108 cities who holds a rank in such police force for which the annual salary is listed  
109 in section 84.160, RSMo;

110 (18) "Prior service", all service as a policeman rendered prior to the date  
111 the system becomes operative or prior to membership service which is creditable  
112 in accordance with the provisions of sections 86.200 to 86.366;

113 (19) **"Reserve officer", any member of the police reserve force of**  
114 **such cities, armed or unarmed, who works less than full time, with or**  
115 **without compensation, and who, by his or her assigned function or as**  
116 **implied by his or her uniform, performs duties associated with those of**  
117 **a police officer and who currently receives a service retirement as**  
118 **provided by sections 86.200 to 86.366;**

119 (20) "Retirement allowance", annual payments for life as provided by  
120 sections 86.200 to 86.366 which shall be payable in equal monthly installments  
121 or any benefits in lieu thereof granted to a member upon termination of  
122 employment as a police officer and actual retirement;

123 [(20)] (21) "Retirement system", the police retirement system of the cities  
124 as defined in sections 86.200 to 86.366;

125 [(21)] (22) "Surviving spouse", the surviving spouse of a member who was  
126 the member's spouse at the time of the member's death.

86.207. 1. All persons who become policemen and all policemen who enter  
2 or reenter the service of the city after the first day of October, 1957, become  
3 members as a condition of their employment and shall receive no pensions or  
4 retirement allowance from any other pension or retirement system supported  
5 wholly or in part by the city or the state of Missouri, nor shall they be required  
6 to make contributions under any other pension or retirement system of the city  
7 or the state of Missouri, anything to the contrary notwithstanding.

8 2. If any member ceases to be in service for more than one year unless the  
9 member has attained the age of fifty-five or has twenty years or more of  
10 creditable service, or if the member withdraws the member's accumulated  
11 contributions or if the member receives benefits under the retirement system or  
12 dies, the member thereupon ceases to be a member; except in the case of a  
13 member who has served in the armed forces of the United States and has  
14 subsequently been reinstated as a policeman. A member who has terminated  
15 employment as a police officer, has actually retired and is receiving retirement  
16 benefits under the system shall be considered a retired member.

17 **3. A reserve officer shall not be considered a member of the**  
18 **system for the purpose of determining creditable service, nor shall any**  
19 **contributions be due. A reserve officer shall not be entitled to any**  
20 **benefits from the system other than those awarded when the reserve**  
21 **officer originally retired under section 86.250, nor shall service as a**  
22 **reserve officer prohibit distribution of those benefits.**

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